



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Governance and Audit Committee

Thursday, 25 June 2026

Report of Councillor Philip Knowles,
Cabinet Member for Corporate
Governance and Licensing

Draft Annual Governance Statement 2025/26

Report Author

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Purpose of Report

To provide Governance and Audit Committee an opportunity to review the Draft Annual Governance Statement 2025/26, attached at Appendix A, ahead of its inclusion within the Statement of Accounts.

Recommendations

Governance and Audit Committee is asked to consider the contents of the report and provide feedback on the Draft Annual Governance Statement 2025/26 attached at Appendix A.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	Effective council
Which wards are impacted?	All Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

1.1 There are no direct financial implications arising from this report.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

1.2 The Annual Governance Statement is a statutory document that is required to be produced in accordance with the Accounts and Audit Regulations 2015. Failure to produce an Annual Governance Statement would result in the Council being in breach of its statutory obligations.

1.3 This report seeks the Committee's comments and feedback on the draft Annual Governance Statement. This does not itself constitute formal approval of the statement.

Completed by: Graham Kitchen, Director of Law and Governance (Monitoring Officer)

2. Background to the Report

2.1 The Accounts and Audit Regulations 2015 Regulation 6(1)(a) require an authority to conduct a review of the effectiveness of the system of internal control and prepare a statement on the review with any published Statement of Accounts – this is known as the Annual Governance Statement.

2.2 On an annual basis the Leader of the Council and the Chief Executive publish an Annual Governance Statement that:

- assesses how the Council has complied with the Local Code of Corporate Governance, which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) – further information below in 2.3
- provides an opinion of the effectiveness of the Council's arrangements

- provides details of how continual improvement in the systems of governance will be achieved

2.3 The 'Delivering Good Governance in Local Government: Framework' sets the standard for local authority governance in the UK. The concept underpinning the Framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

2.4 The Framework sets out seven core principles of governance as detailed in the diagram below, and illustrates that good governance is dynamic and involves continuous evaluation and review:

Delivering Good Governance in Local Government (CIPFA and Solace, 2016)



2.5 The Draft Annual Governance Statement, attached at Appendix A, consists of:

- Foreword from the Leader of the Council and the Chief Executive
- Key elements of the Council's Governance Framework 2025/256
- How the Council has complied with the CIPFA/SOLACE Delivering Good
- Governance in Local Government: Framework
- Governance Framework for 2025/26
- Review of Effectiveness
- Assurance Statement 2025/26 review
- Follow up on 2025/26 key areas of focus
- Governance issues key areas of focus for 2026/27

2.6 The 'Governance key area of focus for 2026/27' will be the delivery of:

- Substantial review of the Constitution, including provisions relating to change in planning laws
- Review of the Councillor Code of Conduct and surrounding processes and procedures
- Review of the Council's procedures relating to Freedom of Information and Subject Access Requests
- Local Government Reorganisation delivery team to be established. Decision on LGR structure expected in July 2026
- Lincolnshire Chief Executives and Leaders to develop a constituted structure for a new Joint Committee for LGR
- Undertaking governance work associated with LGR, including changes to SKDC's governance practices and contributing to the governance arrangements of any successor authority
- Preparation for elections to take place in May 2027 (District or new Shadow Authority)
- Implement new structure for the Council's legal team including recruitment of a new Democratic Services Manager
- Housing Regulator judgment expected by July 2026. Improvement Plan to be developed based on findings
- Housing Revenue Account financial sustainability and 30-year business plan review

3. Reasons for the Recommendations

3.1 Members are required to ensure the draft Annual Governance Statement adequately reflects the financial year 2025/26 and that it sufficiently portrays the overall governance framework for the Council. This is a requirement of Regulation

6(1)(b) of the Accounts and Audit Regulations 2015 to prepare an Annual Governance Statement.

4. Appendices

4.1 Appendix A – Draft Annual Governance Statement 2025/26